



THIRTY-FIRST JUDICIAL CIRCUIT

GREENE COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-19
March 22, 2000

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2000

During our audit of the Thirty-First Judicial Circuit, Greene County, Missouri, we identified certain management practices which we believe could be improved.

Monthly reconciliations between the receipts, disbursements, cash balances and open-items are not performed for the child support account. A running cash balance is not maintained in the check register. The composition of child support receipts is not reconciled to the composition of deposits. Old outstanding checks are not disbursed in accordance with state law.

At December 31, 1998, outstanding checks over one year old totaling approximately \$32,000 remained in the main child support bank account. In addition, a second child support bank account was maintained with a balance of approximately \$15,600 at December 31, 1998, representing additional outstanding checks dating back to 1983.

The Circuit Division should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

The Circuit Division's fee account open-items listing includes some bonds and court deposits that date back to 1989. We noted bonds and court deposits totaling approximately \$414,000 that were received prior to 1997. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs as allowed by a 1973 Attorney General's Opinion.

Copy monies are not properly handled and recorded. Photocopy and certified copy fees totaling approximately \$36,000 were deposited into the Circuit Clerk's supply account rather than being turned over to the County Treasurer, and there is no statutory provision for the Circuit Clerk to maintain custody of these fees. Bids were not solicited for some major purchases. These conditions were also noted in the prior audit report but no changes or improvements have been made.

The Greene County Circuit Clerk provided no responses to any of the current recommendations regarding the supply account.

(over)

YELLOW SHEET

The composition of receipts are not reconciled to the composition of deposits by the Associate Division. Some payments are held until the corresponding traffic ticket is received. As a result, some collections were not deposited in a timely manner. Also, receipts are not deposited on a timely basis by the Probate Division.

A law library budget was not prepared for the two years ended December 31, 1998 and 1997. Formal monthly bank reconciliations are not documented and monies are maintained in a noninterest-bearing checking account. Annual physical inventories of books purchased with law library funds are not performed.

THIRTY-FIRST JUDICIAL CIRCUIT
GREENE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Presiding Judge and Court en banc
and
The Circuit Clerk of the
Thirty-First Judicial Circuit
Greene County, Missouri

We have audited the accompanying special-purpose financial statements of the various funds of the Thirty-First Judicial Circuit, Greene County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the judicial circuit's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

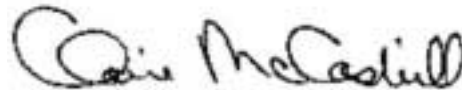
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of the various funds of the Thirty-First Judicial Circuit, Greene County, Missouri, and are not intended to be a complete presentation of the financial position and results of operations of the various funds of the judicial circuit.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of the various funds of the Thirty-First Judicial Circuit, Greene County, Missouri, as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with Government Auditing Standards, we also have issued our report dated September 28, 1999, on our consideration of the judicial circuit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the State Courts Administrator's office, Greene County, and the Thirty-First Judicial Circuit and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 28, 1999 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	David Holtmann, CPA
In-Charge Auditor:	April McHaffie, CPA
Audit Staff:	Amy Fast
	Ted Fugitt
	Misty Weiss



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Presiding Judge and Court en banc
and
The Circuit Clerk of the
Thirty-First Judicial Circuit
Greene County, Missouri

We have audited the special-purpose financial statements of various funds of the Thirty-First Judicial Circuit, Greene County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated September 28, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the Thirty-First Judicial Circuit, Greene County, Missouri, are free of material misstatement, we performed tests of the judicial circuit's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain other instances of noncompliance which are presented in the accompanying Management Advisory Report.

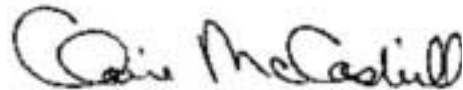
Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the various funds of the Thirty-First Judicial Circuit, Greene County, Missouri, we considered the judicial circuit's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the judicial circuit's ability to record, process, summarize,

and report financial data consistent with the assertions of management in the special-purpose financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses, and these matters are presented in the accompanying Management Advisory Report.

This report is intended for the information of the management of the Thirty-First Judicial Circuit, Greene County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 28, 1999 (fieldwork completion date)

Financial Statements

Exhibit A

THIRTY-FIRST JUDICIAL CIRCUIT
 GREENE COUNTY, MISSOURI
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH-VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1998

	Circuit Division Fund	Associate Circuit Division Fund	Probate Division Fund	Juvenile Division Fund	Family Court Fund	Law Library Fund	Total (Memorandum Only)
RECEIPTS							
Court deposits, fees, bonds, and others	\$ 2,580,353	2,098,186	423,249	139,125	165,905	64,817	5,471,635
Child support	18,536,594	0	0	0	0	0	18,536,594
Interest income	38,799	5,698	6,651	267	0	235	51,650
Total Receipts	21,155,746	2,103,884	429,900	139,392	165,905	65,052	24,059,879
DISBURSEMENTS							
State of Missouri:							
Court fees	239,484	424,545	101,119	10,715	133,878	0	909,741
Title IV-D	1,234,455	0	0	0	0	0	1,234,455
County officials	276,822	1,004,051	32,479	45,445	0	0	1,358,797
Child support	17,171,832	0	0	0	0	0	17,171,832
Supplies and equipment	50,142	5,557	785	0	0	24,389	80,873
Refunds and others	1,920,981	621,843	91,289	79,950	0	0	2,714,063
Total Disbursements	20,893,716	2,055,996	225,672	136,110	133,878	24,389	23,469,761
RECEIPTS OVER (UNDER) DISBURSEMENTS	262,030	47,888	204,228	3,282	32,027	40,663	590,118
CASH, JANUARY 1	1,709,714	187,009	48,778	17,360	858	13,428	1,977,147
CASH, DECEMBER 31	\$ 1,971,744	234,897	253,006	20,642	32,885	54,091	2,567,265

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

THIRTY-FIRST JUDICIAL CIRCUIT
 GREENE COUNTY, MISSOURI
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH-VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1997

	Circuit Division Fund	Associate Circuit Division Fund	Probate Division Fund	Juvenile Division Fund	Family Court Fund	Law Library Fund	Total (Memorandum Only)
RECEIPTS							
Court deposits, fees, bonds, and others	\$ 2,822,707	2,479,265	255,578	130,400	150,490	38,493	5,876,933
Child support	17,364,097	0	0	0	0	0	17,364,097
Interest income	36,685	6,285	916	278	0	38	44,202
Total Receipts	20,223,489	2,485,550	256,494	130,678	150,490	38,531	23,285,232
DISBURSEMENTS							
State of Missouri:							
Court fees	242,045	389,723	100,682	11,152	175,692	0	919,294
Title IV-D	1,171,148	0	0	0	0	0	1,171,148
County officials	326,698	1,188,546	32,723	43,654	0	0	1,591,621
Child support	16,188,943	0	0	0	0	0	16,188,943
Supplies and equipment	65,707	7,788	1,133	0	0	25,665	100,293
Refunds and others	5,234,651	886,896	126,051	76,808	0	0	6,324,406
Total Disbursements	23,229,192	2,472,953	260,589	131,614	175,692	25,665	26,295,705
RECEIPTS OVER (UNDER) DISBURSEMENTS	-3,005,703	12,597	-4,095	-936	-25,202	12,866	-3,010,473
CASH, JANUARY 1	4,715,417	174,412	52,873	18,296	26,060	562	4,987,620
CASH, DECEMBER 31	\$ 1,709,714	187,009	48,778	17,360	858	13,428	1,977,147

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

THIRTY-FIRST JUDICIAL CIRCUIT
GREENE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for each fund of the Thirty-First Judicial Circuit, Greene County, Missouri.

Receipts, disbursements, and changes in cash are presented for the various funds administered by the Thirty-First Judicial Circuit, Greene County, Missouri. The operating costs of the offices within the circuit are paid directly from appropriations authorized by the Greene County Commission within the judicial circuit and the state of Missouri and are not included in these financial statements.

The “Total (Memorandum Only)” column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash for the Thirty-First Judicial Circuit, Greene County, Missouri, are prepared on the cash basis of accounting; accordingly, amounts are recognized when they are received or disbursed. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The Thirty-First Judicial Circuit, Greene County, Missouri, includes the transactions of the Circuit Clerk, the Associate Circuit Divisions, the Probate Division, the Juvenile Division, the Family Court Fund, and the Law Library Fund. Each officeholder has been charged with the responsibility of administering transactions in his or her division. The court en banc has appointed the Greene County Treasurer as custodian of the Family Court Fund, and disbursements from this fund are made at the direction of the Family Court Judge. The court en banc has appointed the Greene County Bar Association as law library custodian. The bar association’s treasurer maintains the fund, and a law library committee is responsible for administering the fund’s transactions.

The Thirty-First Judicial Circuit, Greene County, Missouri, administers transactions within the following funds:

Circuit Division Fund: This fund accounts for the transactions of the Circuit Clerk’s office. These transactions include receipts and disbursements of the fee, child support, and supply accounts. These transactions also include receipts and disbursements of some circuit court

cases for which the Circuit Clerk has been named as trustee to invest the assets under Section 483.310, RSMo 1994.

Associate Circuit Division Fund: This fund accounts for the transactions of the three Associate Circuit Divisions. These transactions include receipts and disbursements of court deposits, fees, fines, bonds, and interest.

Probate Division Fund: This fund accounts for the transactions of the Probate Division. These transactions include receipts and disbursements of court deposits, fees, and interest.

Juvenile Division Fund: This fund accounts for the transactions of the Juvenile Office. These transactions include receipts and disbursements of court deposits, fees, reimbursements from the county, and interest.

Family Court Fund: This fund accounts for fees collected on family court cases. These transactions include receipts and disbursements of court fees and interest. Disbursements are legally restricted for services provided by the family court and for reimbursing the State of Missouri for the salaries of the family court commissioners.

Law Library Fund: This fund accounts for transactions of the law library including fees collected from Circuit Division deposits and the related interest income. Disbursements are legally restricted for maintenance of a law library.

2. Cash

Section 483.310, RSMo Cumulative Supp.1999, authorizes circuit courts to place their funds in savings deposits in banks and savings and loan associations or in U.S. Treasury bills.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, and savings institutions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The circuit court's deposits at December 31, 1998 and 1997, were entirely covered by federal depository insurance or by collateral securities held by the circuit court's custodial bank in the circuit court's name.

Investments

The Associate Circuit Division invests in repurchase agreements. At December 31, 1998 and 1997, the carrying amounts of these investments totaled \$150,000 and \$100,000, respectively (which approximated market).

These investments represent uninsured and unregistered investments for which the securities were held by the dealer bank.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Current Recommendations

THIRTY-FIRST JUDICIAL CIRCUIT
GREENE COUNTY, MISSOURI
SUMMARY OF FINDINGS

1. Circuit Clerk - Fee Account (pages 17-18)

The composition of receipts are not reconciled to the composition of deposits. Checks totaling \$3,236 have been outstanding for over a year. Open-items totaling approximately \$414,000 have been held over two years with some cases dating back to 1989. Collection procedures are not adequate.

2. Circuit Clerk - Child Support Account (pages 19-20)

Monthly reconciliations between the receipts, disbursements, cash balances and open-items are not performed. A running cash balance is not maintained in the check register. The composition of child support receipts is not reconciled to the composition of deposits. Old outstanding checks are not disbursed in accordance with state law.

3. Circuit Clerk - Supply Account (pages 20-21)

Copy monies are not properly handled and recorded. Photocopy and certified copy fees totaling approximately \$36,000 were deposited into the Circuit Clerk's supply account rather than being turned over to the County Treasurer, and there is no statutory provision for the Circuit Clerk to maintain custody of these fees. Bids were not solicited for some major purchases. The supply account bank statements and invoices were not retained for 1997.

4. Associate Division (pages 22-23)

The composition of receipts are not reconciled to the composition of deposits. Some payments are held prior to receiving the corresponding traffic ticket.

5. Probate Division (page 23)

Receipts are not deposited on a timely basis. Checks totaling \$3,290 have been outstanding for over a year.

6. Law Library (pages 23-24)

A law library budget was not prepared for the two years ended December 31, 1998 and 1997. Formal monthly bank reconciliations are not documented and monies are maintained in a noninterest-bearing checking account. Annual physical inventories of books purchased with law library funds are not performed.

THIRTY-FIRST JUDICIAL CIRCUIT
GREENE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT
STATE AUDITOR'S CURRENT RECOMMENDATIONS

We have audited the special-purpose financial statements of the Thirty-First Judicial Circuit, Greene County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated September 28, 1999.

The following Management Advisory Report presents our findings and recommendations arising from our audit of the judicial circuit's special-purpose financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed or intended to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered as all-inclusive of areas where improvements may be needed.

1.	Circuit Clerk -Fee Account
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- A. The Circuit Clerk accepts cash, checks, and money orders for the payment of civil and criminal fees. The method of payment is recorded on the computerized receipt listing; however, the composition of recorded receipts is not reconciled to the composition of bank deposits.

To ensure that receipts are deposited intact, the composition of receipts recorded on the receipt listing should be reconciled to the composition of bank deposits.

A similar condition was also noted in our prior report.

- B. At December 31, 1998, the circuit bank account had \$3,236 in outstanding checks that were over a year old. These old outstanding checks create additional and unnecessary record-keeping responsibilities.

The circuit division should adopt procedures to routinely follow up on old outstanding checks and reissue them if the payee can be located. If the payee cannot be located or identified, these monies should be disposed of in accordance with state law.

- C. The Circuit Division's open-items listing includes some bonds and court deposits that date back to 1989. We noted bonds and court deposits totaling approximately \$414,000 that were received prior to 1997. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and

controlled, putting a greater burden on personnel resources. Procedures should be established to ensure that monies on deposit are properly distributed immediately upon final disposition of cases.

- D. The accounts receivable balance at August 30, 1999 totaled \$1,336,206. These accounts receivables represent approximately 15,000 cases where amounts were owed to the court. The Circuit Clerk does not monitor or review the old cases to follow up on uncollectible cases.

Proper and timely follow-up action of amounts due the court helps maximize court revenues. The court should review those cases which are long outstanding and take action to collect any amounts determined to be collectible. In addition, any uncollectible amounts receivable should be written off following review and approval by the Circuit Judge.

WE RECOMMEND the Circuit Clerk:

- A. Reconcile the composition of recorded receipts to the composition of bank deposits and retain documentation of these reconciliations.
- B. Establish procedures to routinely follow up on old outstanding checks and reissue them if payees can be located. If payees cannot be located, the monies should be disposed of in accordance with state law.
- C. Along with the Circuit Judge, review the cases on the open items listing and determine the appropriate disposition of inactive cases.
- D. Review those cases which are outstanding and pursue any amounts determined to be collectible. Any amounts determined to be uncollectible should be written off following review and approval by the Circuit Judge.

AUDITEE'S RESPONSES

The Circuit Clerk provided the following responses:

- A. *The Circuit Clerk did not provide a response.*

B&C. This has been implemented in 1999.

- D. *We do not have the authority to enforce the collection of costs. That is left up to the discretion of the litigants.*

Receipts recorded for the Child Support Account were approximately \$18.5 million and \$17.4 million for the years ended December 31, 1998 and 1997, respectively. Our review of the accounting controls for the Child Support Account disclosed the following weaknesses:

- A. The court started using the statewide child support computer system in September 1998. This system generates daily and monthly receipt and disbursement reports, open-items (liabilities) and bank reconciliation reports. However, many of these reports are not printed and reviewed for accuracy by the court. The daily receipt reports are reconciled to daily bank deposits and daily disbursement totals are written in the manual checkbook but a running book balance is not maintained. Monthly summary reports are not printed or reconciled to the deposits and disbursements of the child support bank account. Also, the court has turned over reconciling responsibilities to the Office of State Courts Administrator (OSCA) and the court does not review the reconciliation reports prepared by OSCA for accuracy. Open-items are not printed and reconciled to the cash balance.

Reconciliations between monthly summary reports and bank receipts and disbursements are essential to ensure all child support receipts and disbursements are accurately recorded by the Circuit Clerk. Also, to ensure that receipts and disbursements are properly handled and accurately posted to case payment history reports and that all liabilities for open cases can be traced to the cash balance, open-items listings should be reconciled to the cash balance monthly. Such reconciliations would allow for prompt detection of errors and allow the Circuit Clerk to determine the disposition of any unidentified monies remaining over a period of time.

- B. The Circuit Clerk accepts cash, checks and money orders for the payment of child support. The method of payment is recorded on the computerized receipt listing; however, the composition of recorded receipts is not reconciled to the composition of bank deposits.

To ensure that receipts are deposited intact, the composition of receipts recorded on the receipt listing should be reconciled to the composition of bank deposits.

A similar condition was also noted in our prior two reports.

- C. At December 31, 1998, outstanding checks over one year old totaling approximately \$32,000 remained in the main child support bank account. In addition, a second child support bank account is maintained with a balance of approximately \$15,600 at December 31, 1998, representing additional outstanding checks dating back to 1983. The circuit division should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

WE RECOMMEND the Circuit Clerk:

- A. Perform monthly reconciliations between the receipts, disbursements, bank reconciliations and open-items. A running cash balance should be maintained in the check register and reconciled to the monthly reconciliation reports.
- B. Reconcile the composition of child support recorded receipts to the composition of bank deposits and retain documentation of these reconciliations.
- C. Establish procedures to routinely follow up on old outstanding checks and reissue them if payees can be located. If payees cannot be located, the monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk responded that the statewide collection system (MACCS) will solve these problems.

3.	Circuit Clerk -- Supply Account
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The Circuit Clerk maintains a supply account for interest earned from investment of court deposits and for copy monies. This account is used for purchases in accordance with Section 483.310.2, RSMo Cumulative Supp. 1999. The following concerns were noted with the supply account:

- A. All employees of the Circuit Clerk's office collect copy monies. Receipt slips are not issued for these copies and a receipt log is not kept of the monies. The duties of recording, depositing, and reconciling copy monies are not adequately segregated. The Deputy Circuit Clerk performs all of these duties.

To properly account for all receipts, prenumbered receipt slips should be issued or receipts should be recorded on a log immediately upon receipt. The method of payment received (cash, check, or money order) should be noted on the receipt slips or receipt log. To ensure all receipts are properly accounted for, an employee should reconcile receipt slips or receipt log amounts, including the composition of receipts, to amounts deposited. Also, to safeguard against possible loss or misuse of funds, internal controls should provide for reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. An adequate system of internal controls requires segregation of duties.

- B. The Circuit Clerk collected approximately \$36,000 during the two years ended December 31, 1998, for making photocopies and issuing certified copies. The monies are deposited into the supply account to purchase office supplies. There is no statutory provision for the Circuit Clerk to retain such fees and expend them on supplies for the office.

Section 50.370, RSMo 1994, states that county officials shall at the end of each month pay over to the County Treasurer all fees received during the month.

A similar condition was also noted in our prior two reports.

- C. Bids were not always solicited for various purchases made by the Circuit Clerk, nor was adequate bid documentation always retained. Examples of items purchased for which evidence of bidding could not be located are as follows:

	<u>1998</u>	<u>1997</u>
Office supplies	\$ 20,042	\$ 22,144
Office furniture	14,507 3,154	
Computer equipment	2,009 15,229	

Bidding procedures for major purchases provide a framework for economical management of public resources and help ensure the Circuit Clerk receives fair value by contracting with the lowest and best bidders. Competitive bidding assures all parties are given equal opportunity to participate in court business.

A similar condition was also noted in our prior report.

- D. Bank statements were not retained for the supply account for 1997. Bank statements are necessary to ensure the validity and propriety of receipts, disbursements, and cash balances. Court records should be retained in accordance with Supreme Court Administrative Rule 8. In addition, the vendor invoices were not retained for 1997. Invoices should be maintained to document the disbursement and verify the expenditure.

WE RECOMMEND the Circuit Clerk:

- A. Establish procedures to record and account for the copy monies. Also, develop an adequate system of internal controls that requires segregation of duties.
- B. Transmit all photocopy and certified copy monies to the County Treasurer for deposit in the county General Revenue Fund.
- C. Solicit bids for major purchases and retain documentation of bids solicited and the justification for bid awards.
- D. Retain all bank statements and documentation of disbursements.

AUDITEE'S RESPONSE

The Circuit Clerk did not provide a response for the above recommendations.

4.	Associate Division
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- A. The court accepts cash, check, and money order. The method of payment is recorded on the computerized receipt; however, the composition of recorded receipts is not reconciled to the composition of bank deposits.

To ensure that all receipts are properly accounted for and deposited intact, the composition of receipts recorded on the receipt listing should be reconciled to the

composition of bank deposits.

A similar condition was also noted in our prior report.

- B. The court sometimes receives payments on traffic tickets before the Prosecuting Attorney has filed on the ticket; however, the payments are not deposited until the ticket has been filed by the Prosecuting Attorney. If the ticket is never filed or cannot be located, the payment is mailed back to the individual. At September 21, 1999, twenty-seven checks and money orders totaling \$2,346 were on hand.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, monies should be deposited immediately upon receipt or when accumulated receipts exceed \$100.

WE RECOMMEND the Presiding Circuit Judge ensure the Associate Division:

- A. Reconcile the composition of recorded receipts to the composition of bank deposits and retain documentation of these reconciliations.
- B. Deposit all receipts intact daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Clerk of the Associate Division provided the following responses:

- A. *The financial section of the Associate Clerk's Office was told to follow the recommendations of the prior audit to reconcile daily cash and checks to the receipts and deposits. This was apparently not being done on a consistent basis. Presently, we are in compliance with the recommendation and will remain in compliance.*
- B. *The recommendation of the last audit allowed us to keep the money for a time period as long as we kept a daily log, which we did faithfully.*

We have had a consistent problem receiving our traffic tickets promptly. We receive payments daily for traffic tickets that we do not have. We could receipt money without a case number, but it would require duplicate work to do so. Presently, we are sending the money back with a letter of instructions for the defendants. We were told during the audit process, that this would be acceptable.

We are presently working toward the goal of depositing all receipts intact daily to conform to the recommendation and expect to meet this by April 1, 2000.

5.	Probate Division
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- A. Receipts are not deposited on a timely basis. Deposits are made once a ledger page is filled and on the last day of the month. We noted only six deposits were made during December 1998. The amount of these deposits ranged from \$2,065 to \$3,737.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, monies should be deposited daily or when accumulated receipts exceed \$100.

- B. At December 31, 1998, the Probate Division's bank account had \$3,290 in outstanding checks that were over a year old. These old outstanding checks create additional and unnecessary record-keeping responsibilities.

The probate division should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

Similar conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Probate Division Judge ensure that:

- A. Receipts are deposited daily or when accumulated receipts exceed \$100.
- B. Procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Probate Commissioner and Probate Clerk provided the following responses:

- A. *We are currently making daily deposits.*
- B. *We will review the relevant statutes and dispose of the outstanding checks in accordance with state law.*

6.	Law Library
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The Springfield Metropolitan Bar Association is the court-appointed custodian of the Law Library Fund, and responsibility for the fund rests with the law library committee appointed by the Presiding Circuit Judge. Law library books are in two locations, the Judicial Courts Building and the Woodruff Building. Our review of the law library noted the following concerns:

- A. A law library budget was not prepared for the years ended December 31, 1998 and 1997. The law library committee makes recommendations to the Circuit Court for the expenditures of law library funds. Section 514.480, RSMo 1994, provides the law library monies shall be applied and expended under the direction and order of the judges of the circuit court. A law library budget would provide a means for the circuit court judges to determine that the law library monies are being spent in compliance with state law.

- B. Formal monthly bank reconciliations are not documented. Bank reconciliations are necessary to ensure accounting records are in agreement with bank records and to identify errors in a timely manner.
- C. Law library monies are maintained in a noninterest-bearing checking account. Bank balances were \$33,674 and \$14,983 at December 31, 1998 and 1997, respectively. To maximize revenues, law library monies should be deposited into an interest-bearing account.
- D. Annual physical inventories of books purchased with law library funds are not performed. Adequate procedures are necessary to maintain control over assets, and to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, and detect theft of assets.

WE RECOMMEND the Circuit Court:

- A. Require that annual budgets be prepared for the law library.
- B. Ensure monthly bank reconciliations are performed and documented.
- C. Consider depositing Law Library Fund monies into an interest-bearing account.
- D. Ensure annual inventories of law library assets are performed, and promptly update property records for any differences identified.

AUDITEE'S RESPONSE

The Treasurer of the Law Library Fund provided the following responses:

- A. *A budget will be prepared.*
- B. *The checkbook was balanced to the bank statement on a monthly basis; however, not documented on the back of the bank statement.*
- C&D. *This has been implemented.*

This report is intended for the information of the management of the Thirty-First Judicial Circuit, Greene County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on State Auditor's Prior Recommendations

THIRTY-FIRST JUDICIAL CIRCUIT
GREENE COUNTY, MISSOURI
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by the Thirty-First Judicial Circuit, Greene County, Missouri, on recommendations made in the Management Advisory Report (MAR) of our report issued for the two years ended December 31, 1994. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR.

1. Circuit Clerk - Fee Account

- A. The Circuit Clerk's office maintained bank accounts with balances that periodically exceeded the Federal Deposit Insurance Corporation (FDIC) insurance coverage.
- B. The composition of receipts was not reconciled to the composition of deposits.
- C. Bank statements were not retained for approximately 22 trust accounts in 1993 and 1994.

Recommendation:

The Circuit Clerk:

- A. Monitor the balances at each bank and require collateral securities to be pledged for any amount in excess of the FDIC insurance coverage.
- B. Reconcile the composition of recorded receipts to the composition of bank deposits and retain documentation of these reconciliations.
- C. Retain all bank statements.

Status:

- A. Implemented.
- B. Not implemented. See MAR No. 1.
- C. Partially implemented. Bank statements were retained for the trust account; however, bank statements were not retained for the supply account during 1997. See MAR No. 3.

2. Circuit Clerk - Child Support Account

- A. The receipt ledger did not effectively account for the numerical sequence of receipt slips issued.
- B. The composition of receipts was not reconciled to the composition of deposits.

Recommendation:

The Circuit Clerk:

- A. Modify the child support receipts ledger to be presented in receipt slip number order, rather than case number order, and account for the numerical sequence of receipt slips issued.
- B. Reconcile the composition of child support recorded receipts to the composition of bank deposits and retain documentation of these reconciliations.

Status:

- A. In September 1998, the court converted to the Statewide Child Support System.
- B. Not implemented. See MAR No. 2.

3. Circuit Clerk - Supply Account

- A. The Circuit Clerk collected fees for making photocopies and issuing certified copies and deposited these monies into the supply account to purchase office supplies. There was no statutory provision for the Circuit Clerk to retain such fees and expend them on supplies for the office.
- B. Bids were not obtained or bid documentation was not retained for some purchases from the supply account.

Recommendation:

The Circuit Clerk:

- A. Transmit all photocopy and certified copy fees to the County Treasurer for deposit in the county General Revenue Fund.

- B. Solicit bids for major purchases and retain documentation of bids solicited and the justification for bid awards.

Status:

A&B. Not implemented. See MAR No. 3.

4. Associate Circuit Divisions:

- A. The composition of receipts was not reconciled to the composition of deposits and court employees were allowed to cash personal checks from court receipts.
- B. The open items listing included many old cases, some that were dismissed, closed, or appeared inactive.
- C. The court held payments received on traffic tickets before the Prosecuting Attorney filed the ticket with the court. Some payments were mailed back to the individual if the ticket was never filed on or could not be located. Documentation was not maintained to indicate payment was ever received.
- D. The Associate Circuit Divisions charged and collected a \$2 sheriff fee for all criminal and traffic cases. There appeared to be no statutory authority to collect this fee.

Recommendation:

The Presiding Circuit Judge ensure the Associate Divisions:

- A. Reconcile the total cash, checks, and money orders received to bank deposits and discontinue the practice of cashing personal checks from court receipts.
- B. Establish procedures to follow up on and properly dispose of open items in a timely manner, including forfeiting bonds to the county schools fund and turning over unclaimed bonds to the state's Unclaimed Property Section, as applicable.
- C. Establish procedures to record payments that are held prior to the filing of the related traffic ticket and to record payments that are returned.
- D. Review the statutory authority for assessing and collecting the \$2 sheriff fee, and take appropriate action.

Status:

A. Partially implemented. The court no longer cashes personal checks; however, composition of receipts is not adequately reconciled to bank deposits. See MAR No. 4.

B-D. Implemented.

5. Probate Division

A. Receipts were not deposited in a timely manner.

B. Checks totaling \$987 had been outstanding for more than one year. Some of these checks were written in 1990.

Recommendation:

The Probate Division Judge ensure that:

A. Receipts are deposited daily or when accumulated receipts exceed \$100.

B. Procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of through the applicable statutory provisions.

Status:

A&B. Not implemented. See MAR No. 5.

6. Juvenile Division

A. Summary records of restitution amounts received and owed from juvenile offenders were not maintained and procedures to follow up on all unpaid amounts were not adequate.

B. The Juvenile Office did not maintain an open-items (liabilities) listing.

Recommendation:

The Circuit Judge - Juvenile Division ensure:

A. Summary records are maintained of restitution amounts received and owed from juvenile offenders and adopt procedures to follow up on all unpaid amounts.

B. Monthly open-items listings are prepared and reconciled to cash balances.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

THIRTY-FIRST JUDICIAL CIRCUIT
GREENE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organization

The Thirty-First Judicial Circuit includes only Greene County.

The Thirty-First Judicial Circuit consists of five circuit judges, three associate circuit judges, two Family Court Commissioners, and a Probate Commissioner. The court en banc consists of all the divisions of the circuit acting collectively. The judges elect by secret ballot, a presiding judge for a two-year term. The court en banc determines questions of policy for the court, promulgates court rules, and designates the assignment of particular judges to specialized types of cases. The presiding judge has supervision of general administrative matters relating to the court, and an administrative staff assists the court.

The court en banc appoints commissioners who must possess the same qualifications as a circuit judge to hear family court cases.

In addition to the judges and commissioners, the personnel of the Thirty-First Judicial Circuit, Greene County, Missouri include a circuit clerk, an associate circuit division clerk, a probate division clerk, forty-eight deputy clerks, five court reporters, twelve secretaries, a chief juvenile officer, fourteen juvenile office secretaries and support staff, thirty-two juvenile detention and group home employees, and a court reporter.

Operating Costs

The operating expenses of the various courts and the juvenile division are paid by Greene County. The salaries of full-time court personnel, except for the bailiffs, are paid by the State of Missouri. The salary of the juvenile officer is paid in part by the State of Missouri and in part by Greene County, while all other juvenile salaries are paid by Greene County. Bailiff salaries are also paid by Greene County.

Expenditures incurred for the Thirty-First Judicial Circuit, Greene County, Missouri, were obtained from Greene County and information provided by the State Courts Administrator's Office and are as follows:

Year Ended December 31,						
1998			1997			
	State of	Greene County		State of	Greene County	
	Missouri -	Personal	Expenses	Missouri -	Personal	Expenses
	Personal			Personal		
	Service	Service		Service	Service	
Circuit courts:						
Divisions I-IV	688,368	253,696	214,641	652,219	245,083	208,252
Division V-Probate	278,931	28,219	9,555	223,252	21,808	10,099
Associate Circuit Courts:						
Divisions 21-23	681,084	90,405	25,919	658,410	87,498	28,910
Circuit Clerk	650,969	0	41,060	619,106	0	26,611
Juvenile Division	23,158	1,851,974	439,864	19,664	1,728,242	476,765
Court Reporters	217,115	0	0	206,190	0	0
	<u>2,539,625</u>	<u>2,224,294</u>	<u>731,039</u>	<u>2,378,841</u>	<u>2,082,631</u>	<u>750,637</u>

The Thirty-First Judicial Circuit was the recipient of six grants during the two years ended December 31, 1998, awarded by the Division of Youth Services for the Juvenile Court Diversion Programs. The Greene County Treasurer served as custodian of all grant monies.

Caseload and Time Standards Statistics

Caseload statistics of the filings and dispositions of the Thirty-First Judicial Circuit, Greene County, Missouri, provided by the State Courts Administrator's Missouri Judicial Reports, are as follows:

Year Ended June 30,				
	1998		1997	
	Filings	Dispositions	Filings	Dispositions
Civil	11,511	10,581	11,176	10,061
Criminal	19,800	18,629	18,518	16,873
Juvenile	1,248	1,212	1,235	1,175
Probate	416	403	449	379
Total	<u>32,975</u>	<u>30,825</u>	<u>31,378</u>	<u>28,488</u>

Compliance by the Thirty-First Judicial Circuit, Greene County, Missouri, with time standards for disposition of certain types of cases, provided by the State Courts Administrator's Missouri Judicial Report

Type of Case	Time Standard	Thirty-First Judicial Circuit Greene County Missouri		State Total	
Circuit Civil	90% in 18 months	70	%	79	%
	98% in 24 months	81		87	
Domestic Relations	90% in 8 months	72		83	
	98% in 12 months	79		90	
Associate Civil	90% in 6 months	93		84	
	98% in 12 months	98		95	
Circuit Felony	90% in 8 months	77		85	
	98% in 12 months	88		93	
Associate Criminal	90% in 4 months	66		79	
	98% in 6 months	79		89	

for fiscal year 1998, is as follows:

Personnel

On December 31, 1998, the judges, court commissioners, Circuit Clerk, and key juvenile division personnel of the Thirty-First Judicial Circuit, Greene County, Missouri, were:

Don E. Burrell Jr., Circuit Judge, Division I
J. Miles Sweeney, Circuit Judge, (Presiding Judge) Division II
Henry W. Westbrooke, Jr., Circuit Judge, Division III
Thomas E. Mountjoy, Circuit Judge, Division IV -
Family Court and Juvenile Division
Calvin R. Holden, Circuit Judge, Division V
Max E. Bacon, Associate Circuit Judge, Division 21
J. Dan Conklin, Associate Circuit Judge, Division 22
Mark E. Fitzsimmons, Associate Circuit Judge, Division 23
Winston Davis, Family Court Commissioner
Scott Tinsley, Family Court Commissioner
Carol T. Aiken, Probate Commissioner *
Michael A. Carr, Circuit Clerk
Mickie Stark, Chief Juvenile Officer

* Effective May 1997, Carol T. Aiken was appointed as Probate Commissioner.

An organization chart follows:

THIRTY-FIRST JUDICIAL CIRCUIT
 GREENE COUNTY, MISSOURI
 ORGANIZATION CHART
 DECEMBER 31, 1998

